



Enhancing Procurement Practices

STRATEGIC CONSIDERATIONS AND
BEST PRACTICES FOR STATE AND
LOCAL GOVERNMENTS

In today's complex fiscal environment, procurement in state and local governments must serve not only as a mechanism for acquiring goods and services but also as a strategic function that safeguards compliance, mitigates risk, promotes access, and delivers value to taxpayers. This article discusses what CFOs and procurement officers need to consider related to best practices, risk, and the evolving role of technology in state and local government procurement. For years, the procurement officer was seen as the organization's gatekeeper, but their role is much more important than that — they are an organization's risk manager, compliance protector, and strategic enabler.

Modern procurement is not just purchasing — it is strategy, compliance, and stewardship of public trust.



Best Practices in Procurement for State and Local Governments

Procurement today is expected to balance regulatory compliance, fiscal discipline, access, and innovation. The following best practices reflect the most current standards across jurisdictions:



Strengthen Strategic Procurement Planning



Strengthen Risk Management and Contractor Oversight



Modernize and Digitize Procurement Processes



Prioritize Sustainability and Resiliency



Uphold Regulatory and Grant Compliance



Enhance Transparency and Public Trust



Expand Vendor Diversity and Local Economic Development



Invest in Workforce Development



Focus on Value, Not Just Lowest Price



Adapt to Emergency and Cooperative Purchasing Needs

The following sections provide insight into how state and local governments can effectively implement these best practices.

1. STRENGTHEN STRATEGIC PROCUREMENT PLANNING

By strengthening strategic procurement planning, governments can align activities with broader organizational goals. This consists of:

- ▶ Centralizing or standardizing procurement policies across departments, where possible.
- ▶ Developing multi-year procurement plans aligned with budget forecasts, strategic initiatives, and grant cycles.
- ▶ Using category management (grouping similar goods/services) to leverage buying power and manage vendor performance across agencies.

Example

A city establishes a centralized IT procurement team to reduce redundant purchases across departments and better negotiate volume discounts.

2. MODERNIZE AND DIGITIZE PROCUREMENT PROCESSES

Modernizing and digitizing procurement processes streamlines operations and enhances efficiency. This consists of:

- ▶ Adopting eProcurement platforms for solicitation, bidding, contracting, and vendor communication.
- ▶ Using contract management systems to automate renewals, monitor performance, and enforce compliance.
- ▶ Verifying systems can handle hybrid work environments and providing real-time reporting on procurement activity.

Example

A county implements an eProcurement platform to manage RFPs, vendor scoring, and award transparency

3. UPHOLD REGULATORY AND GRANT COMPLIANCE

Upholding regulatory and grant compliance safeguards against legal pitfalls and improves funding opportunities. This consists of:

- ▶ Training procurement staff regularly on Uniform Guidance (2 CFR 200) and other federal and state-specific requirements.
- ▶ Documenting full and open competition processes meticulously, especially when using federal grant funding.
- ▶ Preparing procurement files to withstand audits or public information requests (e.g., bids, scoring, award justifications).

Note: Many governments are now tying payment schedules to verified deliverables instead of time periods.

4. EXPAND VENDOR DIVERSITY AND LOCAL ECONOMIC DEVELOPMENT

Expanding vendor diversity fosters local economic development and promotes access. This consists of:

- ▶ Implementing or strengthening small, minority-owned, and women-owned business engagement programs.
- ▶ Increasing the pool of potential vendors to allow broader participation.
- ▶ Using targeted outreach, training, and pre-bid meetings for underrepresented businesses.

Example

A city revises its scoring criteria for evaluating RFPs to award points based on vendor diversity criteria.

5. FOCUS ON VALUE, NOT JUST LOWEST PRICE

When appropriate, focusing on value rather than just the lowest price provides quality and long-term benefits. This consists of:

- ▶ Using best value procurement (BVP) approaches rather than defaulting to lowest bidder, which means prioritizing the overall value of a product or service and considering factors beyond just price. It involves evaluating different options based on criteria like quality, knowledge and experience, performance, and total cost of ownership, rather than solely on the lowest bid. This approach aims to increase the benefits and decrease risks associated with a procurement decision, establishing a long-term, sustainable outcome.
- ▶ Evaluating proposals based on total cost of ownership, vendor qualifications, risk, and long-term value.
- ▶ Implementing weighted evaluation criteria with clear documentation.

Example

A school district awards an IT managed services contract after evaluating a host of factors, including service quality, scalability, and risk mitigation plans – not just cost.

BVP is a procurement method that focuses on achieving the best overall value for a project or purchase, rather than simply selecting the lowest bid. The approach emphasizes quality, performance, and cost-effectiveness, taking into account factors such as:

- ▶ **Quality and Performance** – evaluating the quality and performance of goods or services offered by vendors to make sure they meet the required standards and specifications.
- ▶ **Cost-Effectiveness** – considering the total cost of ownership, including initial costs, maintenance, operation, and disposal costs, rather than just the upfront price.
- ▶ **Vendor Experience and Capability** – assessing the experience, knowledge, and capability of vendors, including their history and reliability to deliver the project successfully.
- ▶ **Risk Management** – identifying and mitigating potential risks associated with the procurement process and the vendor's ability to manage those risks effectively.
- ▶ **Innovation and Value-Added Services** – encouraging vendors to offer innovative solutions and additional services that can enhance the value of the procurement.

BVP aims to make sure the procurement process results in the best possible outcome for the organization, balancing cost with quality and performance.



6. STRENGTHEN RISK MANAGEMENT AND CONTRACTOR OVERSIGHT

Strengthening risk management and contractor oversight can mitigate potential issues and enhance project success. This consists of:

- ▶ Conducting pre-award risk assessments on vendors (especially new or small firms).
- ▶ Building performance milestones and liquidated damages clauses into contracts, where appropriate.
- ▶ Increasing vendor monitoring for large projects (e.g., construction, IT systems).

Note: Many governments are now tying payment schedules to verified deliverables instead of time periods.

7. PRIORITIZE SUSTAINABILITY AND RESILIENCY

Prioritizing sustainability and resiliency address environmental concerns and prepares for future challenges. This consists of:

- ▶ Including sustainability criteria in procurements, where practical.
- ▶ Sourcing vendors with green certifications (e.g., Energy Star, LEED).
- ▶ Considering supply chain resiliency and utilizing vendors with varied sourcing and continuity plans.

Example

A city requires fleet vehicle purchases that meet minimum hybrid or EV standards.

8. ENHANCE TRANSPARENCY AND PUBLIC TRUST

Enhancing transparency builds public trust and accountability. This consists of:

- ▶ Publicly posting online the procurement opportunities, bid tabulations, and award decisions.
- ▶ Establish clear conflict-of-interest disclosures for procurement officials and evaluators.
- ▶ Respond proactively to public records requests.

Example

A state posts all RFP responses and scoring matrices within 10 days of contract awards.



9. INVEST IN WORKFORCE DEVELOPMENT

Investing in workforce development equips staff with the skills needed for evolving procurement demands. This consists of:

- ▶ Requiring continuing education and certifications (e.g., Certified Public Procurement Officer (CPPO), National Institute of Government Purchasing – Certified Purchasing Professional (NIGP-CPP)).
- ▶ Creating succession plans for procurement leadership and technical staff.
- ▶ Training on new risks like cybersecurity clauses, AI tools, and federal compliance changes.

Note: Workforce shortages are a significant risk and developing internal capacity is critical.

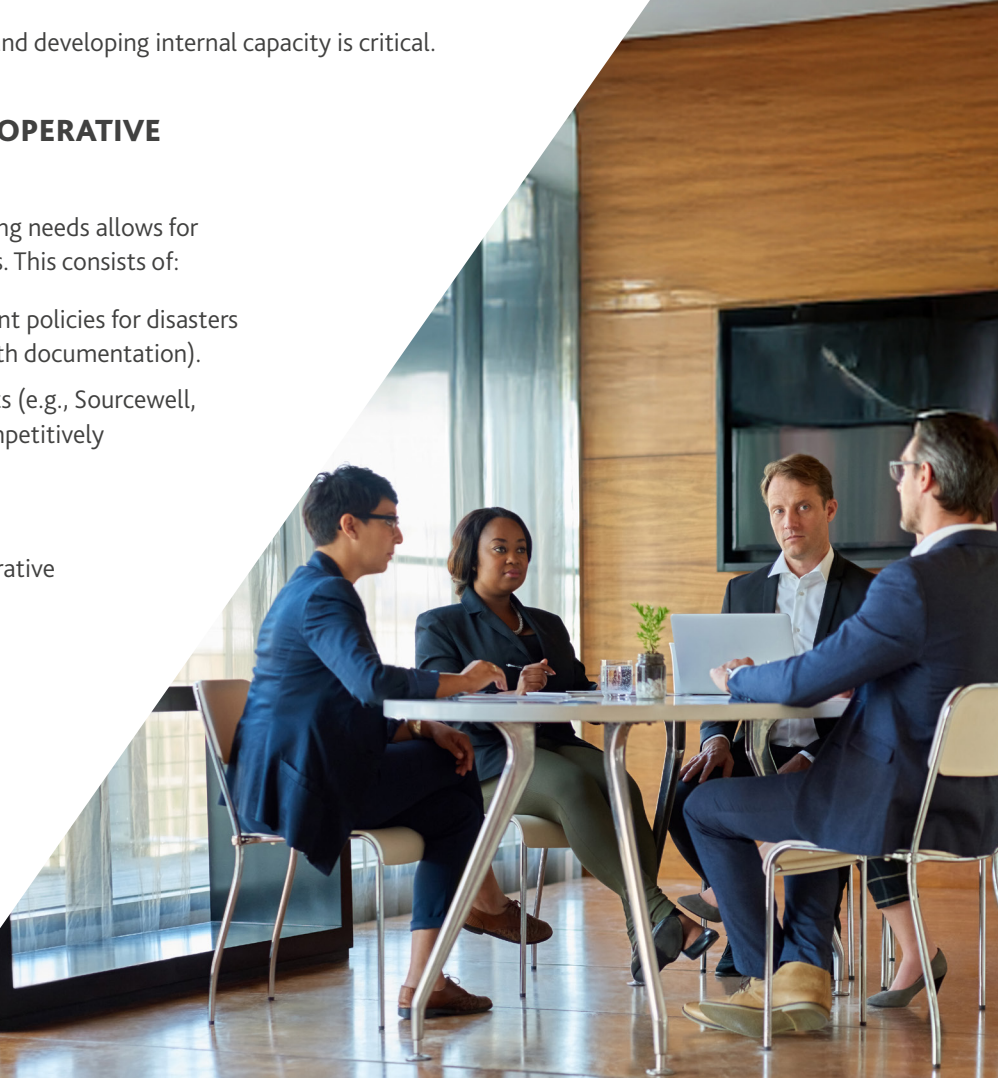
10. ADAPT TO EMERGENCY AND COOPERATIVE PURCHASING NEEDS

Adapting to emergency and cooperative purchasing needs allows for responsiveness and collaboration in times of crisis. This consists of:

- ▶ Creating pre-approved emergency procurement policies for disasters (e.g., waiving competitive bids temporarily with documentation).
- ▶ Leveraging cooperative purchasing agreements (e.g., Sourcewell, NASPO ValuePoint) to expedite access to competitively bid contracts.

Example

After a disaster, a county uses pre-existing cooperative contracts to quickly procure generators and emergency equipment.



Key Challenges Driving These Best Practices

1. Federal grant funding expansion with strict compliance.
2. Public pressure for transparency following high-profile procurement fraud or mismanagement cases.
3. Cybersecurity and data privacy risks in vendor selection, inflation, and supply chain instability complicating procurement timelines and budgets.
4. Sustainability goals expand the strategic role of procurement.

Modern procurement is no longer a back-office function—it is a critical component of risk management, public accountability, and strategic execution. CFOs and procurement officers must actively engage in policy design, system upgrades, and workforce development to make sure procurement delivers both value and integrity.

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